

BASE PROSPECTUS SUPPLEMENT



Open Joint Stock Company Gazprom

U.S.\$40,000,000,000

Programme for the Issuance of Loan Participation Notes

*issued by, but with limited recourse to,
Gaz Capital S.A., for the sole purpose of financing a loan to*

Open Joint Stock Company Gazprom

This base prospectus supplement (the “Base Prospectus Supplement”) is prepared in connection with the Programme for the Issuance of Loan Participation Notes (the “Programme”) by Gaz Capital S.A. (the “Issuer”) and is supplemental to, and should be read in conjunction with, the base prospectus dated February 5, 2013 (the “Base Prospectus”). Capitalized terms used, but not otherwise defined in this Base Prospectus Supplement shall have the meanings ascribed thereto in the Base Prospectus.

This Base Prospectus Supplement has been approved by the Central Bank of Ireland (the “Central Bank”), as competent authority under Directive 2003/71/EC (the “Prospectus Directive”). The Central Bank only approves this Base Prospectus Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This Base Prospectus Supplement constitutes a Base Prospectus Supplement for the purposes of the Prospectus Directive. This Base Prospectus Supplement constitutes neither an offer to sell nor a solicitation of an offer to buy any Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

This document constitutes a Base Prospectus Supplement for the purposes of Article 16 of the Prospectus Directive. To the extent that there is any inconsistency between (a) any statement in this Base Prospectus Supplement and (b) any other statement in the Base Prospectus, the statement in this Base Prospectus Supplement will prevail.

The Notes and the corresponding Loans (together, the “Securities”) have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”). Depending on the terms of the particular Series of Notes, the Notes may be offered and sold (i) within the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act (“Rule 144A”)) that are also qualified purchasers (as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”)) in reliance on the exemption from registration provided by Rule 144A (the “Rule 144A Notes”); and (ii) to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act (the “Regulation S Notes”). The Issuer has not been nor will be registered under the Investment Company Act. Prospective purchasers are hereby notified that sellers of the Rule 144A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions, see “Subscription and Sale” and “Transfer Restrictions” in the Base Prospectus.

Arrangers and Permanent Dealers

Deutsche Bank

**BofA Merrill Lynch
Commerzbank
IFC METROPOL
National Reserve Bank
JSCB Rosbank
UniCredit Bank**

Permanent Dealers

UBS Investment Bank

**Credit Suisse
J.P. Morgan
Morgan Stanley
Renaissance Capital
The Royal Bank of Scotland**

The date of this Base Prospectus Supplement is March 7, 2013

This Base Prospectus Supplement has been prepared to reflect an increase in the Programme Limit and to update the Base Prospectus in relation to certain recent developments. The information included herein supplements, and to the extent inconsistent therewith replaces, the information about the Programme, the Issuer, Gazprom and Gazprom and its subsidiaries taken as a whole (the “Group”) contained in the Base Prospectus. Except as disclosed herein, there has been no other significant new factor, material mistake or inaccuracy relating to the information contained in the Base Prospectus since the date of its publication. The Issuer (whose registered office appears below) and Gazprom (whose registered office appears on page 6 of this Base Prospectus Supplement) accept responsibility for the information contained in this Base Prospectus Supplement. To the best of the knowledge and belief of the Issuer and Gazprom (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The language of this Base Prospectus Supplement is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under applicable law.

This Base Prospectus Supplement does not constitute an offer to sell Notes, or an invitation by or on behalf of the Issuer, Gazprom, the Dealers or the Arrangers to subscribe for or purchase any Notes.

The distribution of this Base Prospectus Supplement and the offer or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus Supplement comes are required by the Issuer, Gazprom, any of the Dealers and the Arrangers to inform themselves about and to observe any such restrictions. In particular, the Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “SEC”) and will not be registered under the Securities Act. Subject to certain exceptions, Notes may not be offered or sold in the United States or to U.S. persons. Further information with regard to restrictions on offers and sales of the Notes and the distribution of the Base Prospectus, as supplemented by this Base Prospectus Supplement, is set out under “Subscription and Sale” in the Base Prospectus.

No person is authorized to provide any information or make any representation not contained in the Base Prospectus as supplemented by this Base Prospectus Supplement and any information or representation not contained in the Base Prospectus as supplemented by this Base Prospectus Supplement (including any information or representations contained within it) must not be relied upon as having been authorized by or on behalf of the Issuer, Gazprom, the Trustee, any of the Dealers or the Arrangers. Neither the delivery of this Base Prospectus Supplement nor any sale made in connection herewith shall, at any time or in any circumstances, imply that the information contained in it is correct as at any time subsequent to the date of this Base Prospectus Supplement. The websites of Gazprom and the members of the Gazprom Group and the information posted thereon do not form any part of the contents of this Base Prospectus Supplement.

Neither the delivery of this Base Prospectus Supplement nor the offer, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of Gazprom or the Group since the date of this Base Prospectus Supplement.

None of the Issuer, Gazprom, the Trustee, the Dealers or the Arrangers or any of the respective representatives makes any representation or warranty, express or implied, to any offeree or purchaser of the Notes offered hereby, regarding the legality of an investment by such offeree or purchaser under applicable legal, investment or similar laws. Each investor should consult with their own advisors as to the legal, tax, business, financial and related aspects of any purchase of the Notes. To the fullest extent permitted by law, none of the Dealers or the Arrangers accepts any responsibility for the contents of this Base Prospectus Supplement or for any other statement made or purported to be made by the Arrangers or a Dealer or on its behalf in connection with the Issuer, Gazprom or the issue and offering of the Notes. The Arrangers and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus Supplement or any such statement.

Prospective purchasers must comply with all laws that apply to them in any place in which they buy, offer or sell any Notes or possess this Base Prospectus Supplement. Any consents or approvals that are needed in order to purchase any Notes must be obtained by such prospective purchaser. Gazprom, the Issuer, the Trustee, the Arrangers and the Dealers are not responsible for compliance with these legal requirements. The appropriate characterization of any Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase such Notes, is subject to significant interpretative uncertainties. No representation or warranty is made as to whether or the extent to which any Notes constitute a legal investment for prospective investors whose investment authority is subject to legal restrictions. Such prospective investors should consult their legal advisors regarding such matters. Neither this Base Prospectus Supplement nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, Gazprom, the Arrangers or the Dealers that any recipient of this Base Prospectus Supplement or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus Supplement and its purchase of Notes should be based upon such investigation as it deems necessary. None of

the Dealers or the Arrangers undertake to review the financial condition or affairs of the Issuer or Gazprom during the life of the arrangements contemplated by this Base Prospectus Supplement or to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arrangers.

The Arrangers, the Dealers and their respective affiliates have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange non-public market financing for, and enter into derivatives transactions with, Gazprom and its affiliates. The Arrangers and Dealers are acting exclusively for Gazprom and the Issuer and no one else in connection with the Programme and the Notes and will not be responsible to any other person for providing the protections afforded to their respective clients or for providing advice in relation to this offering.

In addition, in the ordinary course of their business activities, the Arrangers, Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, Gazprom or their respective affiliates. Certain of the Arrangers, the Dealers or their affiliates that have a lending relationship with the Issuer, Gazprom or their respective affiliates routinely hedge their credit exposure to the Issuer, Gazprom or their respective affiliates consistent with their customary risk management policies. Typically, such Arrangers, Dealers or their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's, Gazprom's or their respective affiliates' securities, including potentially any Notes offered hereby. Any such short positions could adversely affect future trading prices of any Notes offered hereby. The Arrangers, the Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Issuer is a *société anonyme* incorporated for an unlimited duration under the laws of the Grand Duchy of Luxembourg ("Luxembourg"). The Issuer is not a subsidiary of Gazprom. The registered office of the Issuer is located at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg and the Issuer is registered with the *Registre de Commerce et des Sociétés à Luxembourg* (the Register of Commerce and Companies in Luxembourg) under number B-95071. For further information about the Issuer, see "Gaz Capital S.A" in the Base Prospectus.

This Base Prospectus Supplement has been filed with and approved by the Central Bank as required by the Prospectus (Directive 2003/71/EC) Regulations 2005.

Any investment in any Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank.

In connection with the issue of any Series of Notes, the Dealer or Dealers (if any) named as the Stabilizing Manager(s) (or any person acting on behalf of any Stabilizing Manager(s)) in the applicable Final Terms or Series Prospectus may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, this is no assurance that the Stabilizing Manager(s) (or any person acting on behalf of any Stabilizing Manager(s)) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series of Notes and 60 days after the date of the allotment of the relevant Series of Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or any person acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.

NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE BY THE DEALERS OR THE ARRANGERS AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS BASE PROSPECTUS SUPPLEMENT, AND NOTHING CONTAINED IN THIS BASE PROSPECTUS SUPPLEMENT IS, OR SHALL BE RELIED UPON AS, A PROMISE OR REPRESENTATION, WHETHER AS TO THE PAST OR THE FUTURE.

EACH PERSON RECEIVING THIS BASE PROSPECTUS SUPPLEMENT ACKNOWLEDGES THAT SUCH PERSON HAS NOT RELIED ON THE DEALERS OR ANY OF THEIR AFFILIATES OR ANY PERSON ACTING ON THEIR BEHALF IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION OR ITS INVESTMENT DECISION. EACH PERSON CONTEMPLATING MAKING AN INVESTMENT IN ANY NOTES ISSUED UNDER THIS PROGRAMME FROM TIME TO TIME MUST MAKE ITS OWN INVESTIGATION AND ANALYSIS OF THE CREDITWORTHINESS OF THE ISSUER, GAZPROM AND THE GROUP AND ITS OWN DETERMINATION OF THE SUITABILITY OF ANY SUCH INVESTMENT, WITH

PARTICULAR REFERENCE TO ITS OWN INVESTMENT OBJECTIVES AND EXPERIENCE, AND ANY OTHER FACTORS WHICH MAY BE RELEVANT TO IT IN CONNECTION WITH SUCH INVESTMENT.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

INFORMATION CONTAINED IN THIS BASE PROSPECTUS SUPPLEMENT IS NOT AN OFFER, OR AN INVITATION TO MAKE OFFERS, SELL, PURCHASE, EXCHANGE OR TRANSFER ANY SECURITIES IN THE RUSSIAN FEDERATION, AND DOES NOT CONSTITUTE AN ADVERTISEMENT OR OFFERING OF ANY SECURITIES IN THE RUSSIAN FEDERATION. THE SECURITIES REFERENCED IN THIS BASE PROSPECTUS SUPPLEMENT HAVE NOT BEEN AND WILL NOT BE REGISTERED IN THE RUSSIAN FEDERATION OR ADMITTED TO PUBLIC PLACEMENT AND/OR PUBLIC CIRCULATION IN THE RUSSIAN FEDERATION AND ARE NOT INTENDED FOR "PLACEMENT" OR "CIRCULATION" IN THE RUSSIAN FEDERATION EXCEPT AS PERMITTED BY RUSSIAN LAWS.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT, OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

Each of Gazprom and the Issuer has agreed that, for so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, Gazprom or the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner or to the Trustee for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or Trustee, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

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INCREASE IN PROGRAMME LIMIT

On February 5, 2013, Gazprom requested that the Programme Limit be increased from U.S.\$30,000,000,000 to U.S.\$40,000,000,000 pursuant to Clause 17 of the Dealer Agreement by delivering to the Trustee, the Issuer, the Principal Paying Agent and each of the Permanent Dealers a letter stating that the Programme Increase would take effect on February 16, 2013, unless any recipient gave notice to the contrary to Gazprom within 10 days after receipt of Gazprom's request. Pursuant to Clause 17.1 of the Dealer Agreement, because no notice was received by Gazprom within the specified 10 day period, each Permanent Dealer is deemed to have given its consent to the increase in the Programme Limit, and all references in the contracts to the Programme being in a certain nominal amount shall be to the Programme Limit in the increased nominal amount of U.S.\$40,000,000,000.

RECENT DEVELOPMENTS

The following section supplements the discussion in certain sections of the Base Prospectus entitled “Presentation of Certain Information”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Gazprom” and “Management of Gazprom”. The statements under this section contain forward-looking statements. These statements are not guarantees of future financial performance and the Group’s actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, those described under “Forward looking Statements” in the Base Prospectus. Investors are urged not to place undue reliance on the forward-looking statements set out below. Certain figures included in this Base Prospectus Supplement have been subject to rounding adjustments; percentage change figures reflect actual changes, before rounding.

Presentation of Certain Information – Exchange Rates

The table below sets out, for the periods and dates indicated, certain information regarding the exchange rate between the ruble and the U.S. dollar, based on the official exchange rate quoted by the CBR. Fluctuations in the exchange rates between the ruble and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future.

	High	Low	Average ⁽¹⁾	Period End
2013 (through March 7, 2013).....	30.79	29.93	30.25	30.62

Source: The CBR.

Note:

- (1) The average of the exchange rates on the last business day of each month for the relevant annual period, and on each business day for any other period.

Gazprom – Distribution – Europe

From 2010 through 2012, we revised pricing with EGL, ERG, Premium Gas, Edison (gas supplied through a joint venture Promgas), Sinergie Italiane, GDF Suez, WIEH, WINGAS, SPP, E.ON Ruhrgas, Eongas, Eni, Bulgargaz EAD, Yugorosgaz a.d., Energoinvest d.d., Geoplin d.o.o. Ljubljana, GWH Gashandel GmbH, Shell Energy Europe, GasTerra, Centrex, PGNiG, DONG, and Vemex. We are currently negotiating with RWE Transgas, as well as ongoing arbitration proceedings. See “Gazprom—Litigation and Investigations.” In addition, in January 2013, GDF Suez, Eongas, WINGAS, WIEH, SPP and Eni sent us requests for revision of our contract prices for periods starting from 2013. Currently, we are engaged in preliminary pricing negotiations with GDF Suez and Eongas. We also expect to continue pricing negotiations with Yugorosgaz a.d., Energoinvest d.d. and Geoplin d.o.o. Ljubljana in 2013.

Management’s Discussion and Analysis of Financial Condition and Results of Operations – Certain Factors Affecting our Results of Operations – Impact of inflation and changes in exchange rates on export sales and operating margins

The official ruble to U.S. dollar exchange rates as determined by the CBR decreased from 32.20 to 30.62 in the period from December 31, 2011 to March 7, 2013 (being the latest practicable date prior to the publication of this Base Prospectus Supplement). The official ruble to euro exchange rates as determined by the CBR decreased from 41.67 to 40.00 in the period from December 31, 2011 to March 7, 2013 (being the latest practicable date prior to the publication of this Base Prospectus Supplement).

Gazprom – Reserves and Production – Exploration, Development and Production regions – Russian Sea Shelf – The Barents Sea Shelf

Shtokmanovskoye field. The Shtokmanovskoye gas condensate field is located in the center of the Barents Sea northwest of the Yamal Peninsula and 650 km northeast of Murmansk. Shtokmanovskoye field’s projected production capacity is approximately 72 bcm per year, which can potentially be increased to up to 95 bcm per year. We are considering commissioning the field in or after 2019.

Gazprom – Reserves and Production – FSU and Europe and Other Countries – Associated companies and development of associated projects in the region – Iraq

In February 2013, Gazprom Neft, through its subsidiary Gazprom Neft Middle East B.V., entered into a production sharing agreement with the regional government of Kurdistan in relation to the Halabja block, which has estimated extractable reserves of approximately 90 mtoe. Gazprom Neft and the regional government of Kurdistan own interests in the project of 80% and 20%, respectively. Exploration is expected to continue on the Halabja block for the next 5 years, with a possible extension of exploration activities to 7 years. Pursuant to the production sharing agreement, production from the Halabja block is expected for up to 25 years after the completion of exploration.

Gazprom – Transport – Third-party access to the GTS

The following table sets forth the levels of the average tariffs charged to unaffiliated third parties for the transportation of natural gas through our trunk pipelines for the periods indicated. The transportation tariff is currently below the economically justified level and is subject to annual increase.

	2013 ⁽¹⁾	2012	2011	2010	2009
Average tariff ⁽²⁾ , RR for mcm per 100 km	62.94	58.22	56.25	51.45	41.88

Note:

- (1) Estimated based on currently available data and assuming gradual elimination of corporate property tax breaks starting from 2013. See section entitled “Risk factors – We bear a substantial tax burden” in the Base Prospectus.
- (2) Weighted by annual volume of services rendered to independent suppliers to transport gas to consumers located within and outside the members of the Customs Union.

Gazprom – Transport – International projects in gas transportation – South Stream

In October and November 2012, the parties made final investment decisions with regard to the Bulgarian, Serbian, Hungarian, Slovenian and the off-shore sections of the South Stream pipeline. We are currently performing a detailed survey of the prospective construction sites for the off-shore part of the pipeline. We are also engaged in arranging competitive tenders and selecting contractors. We plan to start construction of the off-shore portion of the pipeline in 2014.

Gazprom – Distribution – Russia – Domestic Sales

Due to the expiration of long-term contracts with Russian customers in late 2012, which accounted for 40% of all of our contracts for supplies to Russian customers, we entered into new long-term contracts representing 36.9% of all of our contracts for supplies with Russian customers. This net decrease in long-term contracts with our Russian customers was primarily due to an increase in gas deliveries by independent suppliers resulting from an increase in their production and supplies in Russia. See “—Competition.”

Gazprom – Electric and heat energy generation and sales – FSU and Europe and Other Countries

We own a 99.5% interest in ZAO Kaunaskaya Teplofikatsionnaya Elektrostansiya (“Kaunas Heating and Electrical Station”), which produces heat and electricity in Lithuania. As of September 30, 2012, the electric power generating capacity of the station and its heat generating capacity amounted to 170 MW and 894 Gcal/h, respectively. In September 2011, Gazprom’s Board of Directors decided to sell our interest in the Kaunas Heating and Electrical Station. In October 2012, we entered into a share purchase agreement with Clement Power Venture Inc. for the sale of our interest in the Kaunas Heating and Electrical Station. We expect to complete the sale in March 2013.

Gazprom – Distribution – Europe and other countries – LNG

In February 2013, Gazprom’s Management Committee approved a feasibility study for the construction of an LNG plant in the Vladivostok Area. The proposed LNG plant is expected to be built on the Lomonosov Peninsula in Perevoznaya Bay and will consist of three trains, each with an annual capacity of 5 million tons of LNG. The LNG plant will receive gas from the Sakhalin, Yakutskiy and Irkutskiy gas production centers. The target markets for this LNG plant are countries in the Asia-Pacific region. The first train for the LNG plant is expected to be put into operation in 2018.

In February 2013, our subsidiary Gazprom Marketing & Trading Switzerland AG and Levant LNG Marketing Corporation signed heads of agreement which provides us with an exclusive right to purchase LNG from the Tamar project over the course of 20 years. The project envisages LNG production on the basis of two off-shore fields in the

Israeli sector of the Mediterranean sea starting in 2017. The projected production from the Tamar project is estimated at 3 million tons of LNG per annum.

Gazprom – Litigation and Investigations

On April 3, 2008, Moncrief Oil International, Inc. (“Moncrief”) filed a lawsuit against Gazprom, Gazprom Marketing & Trading USA and Pace Global Energy Services LLC in the District Court of Tarrant County, Texas U.S.A. On January 15, 2009, Moncrief filed an amended petition adding Gazprom Export, Gazprombank, Gazprom Marketing & Trading, Ltd. and CC Pace Resources, LLC as defendants. Moncrief’s amended petition alleges that defendants (i) tortiously interfered with an existing business agreement between Moncrief and Occidental Petroleum Corporation, (ii) misappropriated Moncrief’s confidential trade secrets related to the re-gasification of liquid natural gas, and (iii) were involved in an unlawful conspiracy to commit the foregoing acts. This amended petition estimates Moncrief’s damages at “hundreds of millions of dollars” without specifying the exact amount. Gazprom, along with each of its co-defendants, responded to the petition by filing a special appearance, which is a Texas procedural mechanism for objecting to the Court’s personal jurisdiction over Gazprom. In the alternative, Gazprom filed a motion to transfer the case to the District Court of Harris County (Houston), Texas. On September 18, 2009, the District Court of Tarrant County granted the motion of Gazprom, Gazprom Export, Gazprom Marketing & Trading Ltd. and Gazprombank to dismiss the proceedings against the defendants due to lack of jurisdiction. On January 13, 2010, Moncrief filed an appeal against this decision which was dismissed. On January 10, 2011, Moncrief filed a petition to rehear the appeal *en banc* which was denied on February 3, 2011. On April 20, 2011, Moncrief filed a petition for review in the Supreme Court of Texas. An oral hearing in the Supreme Court of Texas was held on February 6, 2013. We submitted written pleadings and summary arguments in the case following the oral hearing. The outcome of the proceedings is pending.

In August 2010, Gazprom Export initiated arbitration proceedings before the ICC International Court of Arbitration in Paris (the seat of the arbitration is Vienna, Austria) against RWE Transgas for the failure by RWE Transgas to fulfill its “take-or-pay” obligations. In October 2012, the arbitral tribunal upheld the validity of a provision of the gas supply contract between Gazprom Export and RWE Transgas allowing a Czech arm of RWE Transgas to reduce its “take-or-pay” obligations by the volume of gas that Gazprom Group intends to supply to the Czech Republic directly. In addition, the arbitral tribunal invalidated a clause in the gas supply contract providing for Gazprom Export’s right to increase the “take-or-pay” obligations of RWE Transgas by the volume of gas that RWE Transgas exports from the Czech Republic to the markets where we operate. In January 2013, Gazprom Export filed a petition to the Commercial Court of Austria to set aside the arbitral award as contrary to public policy, particularly the antimonopoly laws of Austria and the European Union. The proceedings in the case have been initiated before an Austrian Commercial Court.

In December 2010, RWE Transgas filed a claim in the ICC International Court of Arbitration in Paris (the seat of the arbitration is Vienna, Austria) against Gazprom Export, demanding a review of long-term contract prices. The matter is currently pending before the ICC International Court of Arbitration and negotiations with RWE Transgas on the contract prices are in progress. Hearings in the case were held in October 2012. The arbitral award is expected to be rendered by May 2013. The hearings to determine the final arguments of the parties and agree on the procedure for the appointment of an expert took place in December 2012. The parties have submitted evidence and the tribunal has appointed two independent experts to determine the contractual price and render the award. We are in the process of assessing potential damages for the Gazprom Group if the arbitral tribunal adjudicates against us.

In March 2012, we submitted a request for arbitration to the ICC Court of Arbitration in Paris against the Republic of Lithuania in relation to the violation by the Republic of Lithuania of the Agreement between the Government of the Russian Federation and the Government of the Republic of Lithuania on the Promotion and Reciprocal Protection of the Investments dated June 29, 1999, to recoup losses sustained as a result of the imposition of a mandatory tariff for heat energy for our subsidiary, Kaunas Heating and Electrical Station. Currently, terms of reference and the procedural timetable are being determined.

Since 2008, Gazprom Export has been a plaintiff in several proceedings before the Moscow Arbitration Court, the Ninth Arbitration Appellate Court and the Federal Arbitration Court of the Moscow Region relating to the assessment of its customs payments against the Central Energy Customs. Since 2008, we have been involved in more than 190 cases against the Central Energy Customs for the aggregate amount of RR40.0 billion. Currently, the most extensive category of cases comprises twenty five cases for the total amount of RR1.7 billion relating to the appeal of the upward adjustment of the customs value assigned by the Central Energy Customs with respect to gas supplied to EAD “Bulgartransgaz” to ensure uninterrupted transit of Russian natural gas through Bulgaria, Turkey, Greece, Serbia and Macedonia. The Moscow Arbitration Court has heard twenty four cases, the Ninth Arbitration Appellate Court ruled in twenty cases and the Federal Arbitration Court of the Moscow Region rendered judgment in thirteen cases. In three cases, supervisory appeals were submitted to the Supreme Arbitration Court of the Russian Federation, all of which were denied submission to the Presidium of the Supreme Arbitration Court of the Russian Federation. All of these cases were decided in favor of Gazprom Export.

Management of Gazprom

In December 2012, Vlada Rusakova retired from the position of the Head of the Prospective Development Department of Gazprom and her powers as a Member of the Management Committee were terminated in February 2013.

Dmitry Lyugai replaced Vlada Rusakova as the Head of Gazprom's Prospective Development Department in December 2012 and as a Member of the Management Committee effective as of February 2013. Mr. Lyugai was Deputy Director General for Science at Gazprom VNIIGAZ from 2008 through 2012 and Director General of the Natural Gas Field Development and Well Drilling Center, Gazprom VNIIGAZ from 2006 through 2008.

Recent Borrowings

In February 2013, we received a 4.95% U.S.\$900 million loan due in 2028 and a 3.85% U.S.\$800 million loan due in 2020 from Gaz Capital S.A. which issued loan participation notes with similar terms.

In February 2013, our subsidiary, Gazprom capital LLC, issued at par RR5.0 billion bonds with a coupon rate of 7.55% due in 2018, RR10.0 billion bonds with a coupon rate of 7.55% due in 2017 and RR15.0 billion bonds with a coupon rate of 7.50% due in 2016. Gazprom provided a guarantee for each series of bonds.

COMPANY

Open Joint Stock Company Gazprom
16 Nametkina Street
117997 Moscow
Russian Federation

ISSUER

Gaz Capital S.A.
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ARRANGERS AND DEALERS

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